"A COMPARATIVE STUDY OF PROFITABILITY POSITION OF SELECTED SUGAR COMPANIES OF INDIA"

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ABSTRACT

This paper elaborates about the profitability position of the selected sugar companies of India. Samples have been selected based on net profit with non-probability sampling method: Balrampur chini mills, Dalmia Sugars, Triveni Engineering, Bannari Amman and Dhampur.To measure the profitability net profit ratio, Return on Equity, and Return on Assets. Time period of the study was 5 year from 2019-20 to 2023-24. For the analysis of data ANOVA has been used. Findings of the study was that there was a significant difference in net profit and Return on Equity ratio, while there was no difference between Return on Assets ratio of particular sugar companies.

KEYWORDS: Profitability, Sugar Industry, Net profit, Return on Equity, Return on Assets

INTRODUCTION

Since profitability demonstrates a company's capacity to make money in relation to its costs, it is an essential indicator of a company's health and success. While unprofitable businesses must make changes, profitable businesses surpass their operating and expenditure expenses. Profitability can be measured in two ways: accounting profitability, which is the income after all expenses and taxes have been paid and economic profitability, which measures the ability of a business to generate value for its customers relative to its costs. A company's survival depends on both metrics, and in order to stay profitable and competitive, it must continuously assess and modify its operations.

2. REVIEW OF LITERATURE

(Tulsian, 2014) The main goal of this study has been to gain a thorough understanding of the profitability of the steel industry companies in India. The study is based on secondary data, specifically the annual reports and accounts of the companies chosen for the study. Steel Authority of India Ltd. (a public sector unit) and Tata Steel (a private sector company) were chosen for the study, and the profitability of the companies chosen for analysis was examined using ratio analysis and various ratios were calculated. The data was interpreted using statistical tools like average, standard deviation, and coefficient of variation. Hypothesis has been tested with the help of t test.

(K. Sai Dakshayani, 2022) Profitability is a gauge of the business's overall performance. It is a gauge of the business's revenue or operational performance over a specific time frame. Using ten years' worth of financial statements, from 2011–12 to 2020–21, the study aims to examine overall profitability, operating profit, return on investments, and trends in profitability growth. According to the study, the company's profitability has remained consistent over the past three years. There is a negatively strong relation exist between net profit ratio and total asset turnover ratio and it suggests to control, monitor company's operating expenses.

(Ramasubbian, 2019) Determining the insurance company's profitability was the primary goal of this study. A life insurance company's financial operations have a significant impact on its profitability. Selling new policies and offering services for current policies are examples of operating activities in the insurance industry. Investing policy premiums in promising opportunities is a financial activity. While the profit from financial activities is determined by subtracting the actual returns on investment from the returns credited to the policies, the profit from operating activities can be computed as the difference between premium income and the total cost of operations. The ability of the insurer to manage expenses and a number of intangibles, including clientele and business-risk preferences, are key factors in the success of the life insurance sector.

(Dr. V.BALAKRISHNAN, 2017) The foundational information for analyzing financial performance is provided by the financial statement. An overview of a company's operations and financial status is given by the financial statements. A business's viability, stability, and profitability are evaluated through financial analysis, which is also known as accounting analysis or financial statement analysis. The process of determining the company's financial strengths and weaknesses using the available financial statements and accounting data is known as financial analysis. Earnings Profitability is defined as a ratio that measures a company's capacity to maximize profits through the best possible use of its resources. Regardless of the impact of all other predictors, this analysis shows the type and degree of relationship between each predictor variable and the result.

3. OBJECTIVE OF STUDY

To evaluate and contrast the financial standing of particular

sugar companies

4. RESEARCH METHEDOLOGY

SAMPLE SELECTION: All the samples have been selected by convenience sampling (Non Probability Method). Following are the samples selected on the basis of net profit of year 2023-2024.

1. Balrampur Chini Mills Limited
2. Triveni Engineering and industry limited
3. Dalmia Bharat Sugar
4. Bannari Amman Sugars Ltd
5. Dhampur Sugar Mills Ltd

Period of the Study:

From 2019-20 to 2023-24 time periods have been included in the study

Hypothesis of the Study

H0 There is no significant difference between profitability ratios of particular sugar companies
H1 There is a significant difference between profitability ratios of particular sugar companies

Ratios used for Profitability Analysis

•   Net Profit Ratio
•   Return on Equity
•   Return on Assets

Stastaicl Tool used in Study

Here for the measurement of difference Analysis of Variance (ANOVA) has been used at 5% level of significance.

5. DATA ANALYSIS AND INTERPRETATION

Net Profit Ratio

Year	Balrampur	Triveni	Dalmia	Bannari	Dhampur
2019-20	13.31	6.99	61.58	6.75	9.25
2020-21	10.74	7.40	89.40	5.94	5.18
2021-22	9.76	5.85	16.89	5.90	6.68
2022-23	10.62	8.94	135.55	4.00	5.31
2023-24	5.90	34.27	147.72	5.67	5.02

(In percentage %) (Source: www.moneycontrol.com)

Analysis: By analyzing the average of each one it is clear that Triveni has a highest average amongst all. In 2022-23 Balrampur chini has 10.62% net profit which is highest in five year while in 2023-24 lowest 5.9%.Dalmia sugars has 147.72% net profit in 23-24 while Bannari and Dhampur has 5.90 and 6.68% net profit in highest in this five year.

Application of ANOVA:

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	26768.68	4	6692.169	10.97813	7.09E-05	2.866081
Within Groups	12191.82	20	609.591			
Total	38960.5	24				

Here calculate value is 10.97 while table value is 2.86 which means calculated value is higher than table value so null hypothesis is rejected means there is significant difference between net profit ratio of selected companies.

Return on Equity

Year	Balrampur	Triveni	Dalmia	Bannari	Dhampur
2019-20	27.39	20.45	1.33	6.34	20.51
2020-21	21.48	25.77	1.76	7.50	15.37
2021-22	18.32	18.67	0.34	6.79	14.00
2022-23	18.65	21.53	2.28	5.61	16.53
2023-24	9.58	72.34	2.48	9.23	14.46

(In percentage %) (Source: www.moneycontrol.com)

Analysis: Amongst all highest a ROE is 72.34 is of Triveni. Individually each company showing the fluctuating trend. In 2023-24 9.58% ROE lowest in five year for Balrampur chini while 0.34% in 2021-22 for Dalmia sugars. Triveni has only increasing trend in this five year from 2019-2 to 2023-24.

Application of ANOVA:

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	2698.123	4	674.5308	5.890825	0.002666	2.866081
Within Groups	2290.106	20	114.5053			
Total	4988.229	24				

Here table value at 5% level of significant and 24 degree of freedom is 2.86 while calculated value is 5.89.it means that table value is lower than calculated value so alternative hypothesis is accepted that there is a significant difference between Return on Equity ratio of selected companies.

Return on Assets

Year	Balrampur	Triveni	Dalmia	Bannari	Dhampur
2019-20	12.25	5.90	1.31	3.44	6.60
2020-21	10.72	8.32	1.75	3.92	5.50
2021-22	10.29	7.90	0.33	3.85	6.30
2022-23	11.49	9.47	2.25	3.11	6.78
2023-24	5.10	44.27	2.45	6.07	7.10

(In percentage %) (Source: www.moneycontrol.com)

Analysis: ROA showed the fluctuating trend among the five selected companies. With the 6.13% average Dalmia is the lowest among all while with 45.77% average Balrampur is highest among all. Individually Triveni gas highest ROA in 2023-24 with 44.27%. While with 0.33% in 2021-22 Dalmia sugars has lowest.

Application of ANOVA:

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	561.7497	4	140.4374	2.538111	0.071988	2.866081

Within Groups	1106.63	20	55.33148			
Total	1668.379	24				

Here at 5% level of significance and 24 degree of freedom calculated value is 2.53 while table value is 2.86. It means that table value is higher than calculated value so the null hypothesis is accepted that there is significant difference in Return on Assets ratio.

6. RESULT OF THE STUDY

No	Ratio	Calculated Value	Table Value	Result
1	Net Profit	10.978	2.866	H1 ACCEPTED
2	Return on Equity	5.890	2.866	H1 ACCEPTED
3	Return on Assets	2.538	2.866	H0 ACCEPTED

7. FINDINGS
• In a net profit ratio Dalmia sugars has sawn increasing trend and even highest with 147.72% in year 2023-24.
• In return on equity ratio each company has been fluctuating trend in particular five years while Triveni engineering has the highest in 2023-24 with 72.32%.
• In Return on assets ratio Triveni engineering has the highest with 44.27% in 2023-24 while other companies had fluctuating trend during the five year period of study.

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